

Labour Market

NOTES ■ August 2013

Alberta's job growth surges, pushing down the unemployment rate

Alberta

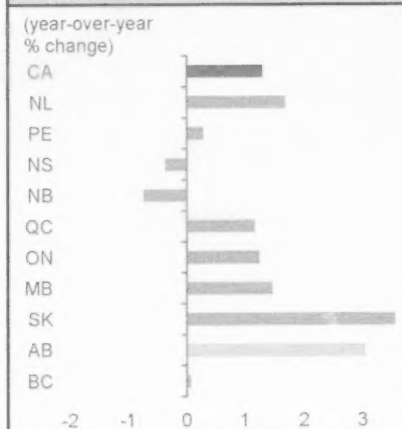
- **Employment growth jumps.** Alberta's employment jumped by 16,600 in July, the second largest monthly increase in the past two years. The increase was entirely due to gains in private sector jobs (+25,700), which more than offset public sector losses (-9,000). Most of the new positions created in July were part-time positions (+12,900). The flooding in southern Alberta, and subsequent recovery efforts, likely had an impact on Alberta's job numbers in July. However, it will take several months to see the effects of the flooding on Alberta's labour market.
- **Year-over-year job growth accelerates.** Alberta has gained 65,300 jobs since July 2012, an increase of 3.0%. This represents the largest percentage gain since May 2012.
- **Service sector leads job growth.** The transportation and warehousing (+6,200) and health care and social assistance (+3,200) industries contributed the most to the 13,400 monthly increase in service sector employment gains. Employment in the goods-producing sector increased by 3,200 in July, largely due to job gains in the manufacturing industry (+6,000).
- **Unemployment rate drops.** The unemployment rate fell 0.5 percentage points to 4.5% in July, as employment outpaced labour force growth.
- **Weekly earnings post large year-over-year gain in May.** Average weekly earnings increased to \$1,114 in May. This is 4.9% higher than the same month last year, and the strongest growth rate since September 2012.

Canada

- **Canadian economy sheds jobs.** Canadian employment dropped by 39,400 in July, with losses concentrated in youth employment and public sector positions. Alberta was one of only four provinces to report job gains. Canada has gained 225,900 jobs (+1.3%) since July 2012.
- **Unemployment rate edges up.** The Canadian unemployment rate increased by 0.1 percentage points to 7.2% in July.
- **Weekly earnings increase.** Canadian average weekly earnings moved up to \$915 in May, representing a 2.5% gain over May 2012.

For definitions of the data indicators discussed in this publication, please see the second page of August's *Labour Market Notes*

Employment Growth by Province, July 2013 vs. July 2012



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	July or Latest*
Employment	2,217,200
month-over-month change	16,600
year over year % change	3.0%
Alberta Unemployment Rate (UR)	4.5%
Edmonton UR**	4.0%
Calgary UR**	5.2%
Participation Rate	73.0%
Average Weekly Earnings (AWE)	\$1,113.94
year over year % change	4.9%
Average Hourly Wage	\$27.12
year over year % change	3.0%
Job Vacancy Rate**	2.5%

Source: Statistics Canada

* All data is from the Labour Force Survey for July except AWE, which is from the May Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate from April.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Alberta's job growth shifts to the service sector

The Alberta economy led all provinces in job growth over the last two years. In 2012 the goods-producing sector (e.g. construction, manufacturing, oil and gas) fueled most of these gains (see [November 2012 Labour InSight](#)), but that pattern has reversed. In 2013, the services sector has been the largest contributor to Alberta job growth.

Two industries are leading the way within the services sector

After lagging the goods-producing sector for the last two years, job growth in Alberta's service industries has picked up strength this year (Chart 1). Through the first seven months of 2013, the services sector has added 45,400 jobs compared with only 3,200 jobs in the goods-producing sector over the same period last year. While almost all service industries have seen job gains, two industries in particular (Chart 2) have seen very strong increases: the professional, scientific and technical services industry (e.g. lawyers, accountants, and engineers) and the finance, insurance, real estate and leasing industry (e.g. bankers, insurance agents and realtors). Combined, these

two industries have added 31,400 jobs so far this year, accounting for 64.6% of the new jobs in the province. Workers in these two industries have average weekly earnings that exceed the provincial average.

Out of the eleven industries within the services sector, nine have added jobs this year. The only service industry with a significant decline in jobs so far in 2013 is accommodation and food services.

Population growth drives need for services

High in-migration to Alberta is boosting demand for services. Net migration to Alberta has been trending higher, hitting a record high of 27,112 in the first quarter of this year. In addition, Alberta has led all provinces in population growth since the third quarter of 2011. These new migrants support jobs in the service sector by purchasing homes, vehicles, retail goods and hiring professional services.

Goods sector job growth cools

Employment growth in the goods-producing industries has moderated from the high levels in 2011 and 2012. The moderation is largely due to year-over-year job declines in the mining, oil and gas industry. Although employment in the goods-producing sector has cooled, strong activity in the sector continues to support growth in service sector jobs.

Conclusion

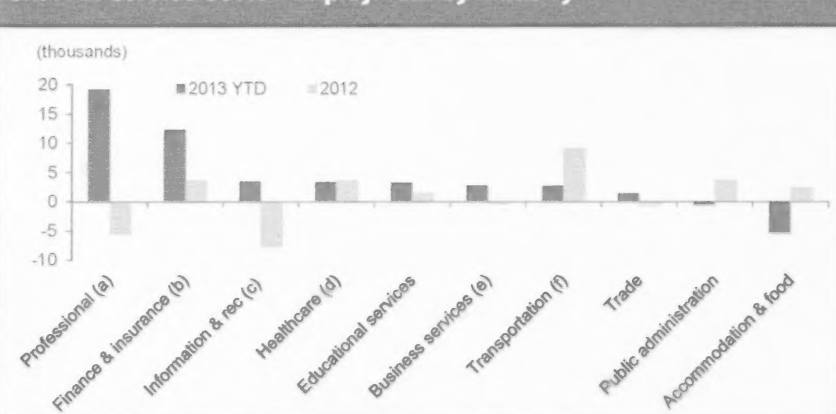
Alberta employment growth has transitioned from goods-producing industries to the service sector over the last year. The service sector has largely been responsible for Alberta's solid job growth so far in 2013. The sector's growth has been fueled by the professional scientific and technical services industry as well as the finance, insurance, real estate and leasing industry.

Chart 1: Alberta Employment



Source: Statistics Canada

Chart 2: Service Sector Employment by Industry



Source: Statistics Canada

(a) Professional, scientific & technical services; (b) finance, insurance, real estate & leasing; (c) information, culture & recreation; (d) health care & social assistance and (e) business, building & other support services; (f) transportation & warehousing

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